

CITY OF VACAVILLE
WATER FUNDS
FINANCIAL STATEMENTS
WITH REPORT ON EXAMINATION BY CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 1977

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June 30, 1977

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CITY OF VACAVILLE

650 MERCHANT STREET
VACAVILLE, CALIFORNIA 95688



COUNCIL MEMBERS
BARBARA J. JONES, Mayor
ETHEAL C. GILLEY, Vice Mayor
WILLIAM J. CARROLL
BERTON N. HASING
CAROLYN VAN LOO

OFFICE OF
Director of Finance

August 15, 1977

TO: Honorable Mayor and
Members of the City Council

ATTENTION: City Manager

FROM: Director of Finance

SUBJECT: ANNUAL FINANCIAL REPORT - WATER SYSTEM
FISCAL YEAR ENDED JUNE 30, 1977

ACCOUNTING SYSTEM AND REPORTS

The City's accounting records for the Water System are maintained on an accrual basis and conform to recommended procedures established by the Municipal Finance Officers Association of the United States and Canada.

OPERATING REVENUES

Operating revenues in fiscal 1976-77 totaled \$1,612,662.27 which represented an increase of 24.7 percent from last year. Water connection and installation charges recorded the largest increase of 42.1 percent. The amount of revenues generated by the various sources and the increases or decreases over fiscal 1975-76 are shown in the following tabulation:

<u>REVENUE SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE OR (DECREASE) OVER 1975-76</u>
WATER SALES:			
Residential & Business	\$ 812,042.89	50.3	\$ 98,964.98
Contractual	64,628.77	4.0	(1,988.87)
Fire Protection	13,157.50	.8	(1,204.16)
Outside City Services	3,256.60	.2	619.68
Connection & Installation			
Charges	704,835.73	43.7	208,634.09
Grants - CETA & WIN Program	14,270.38	.9	14,270.38
Other Operating Income	470.40	.1	(299.60)
	<u>\$1,612,662.27</u>	<u>100.0%</u>	<u>\$ 318,996.50</u>

Residential and business water sales increased by 13.9 percent over the previous year. Contractual services decreased by 3.0 percent over 1975-76.

GENERAL METER RATE SERVICE

Water rates were last increased on November 1, 1975. The following chart indicates the current charges:

Quantity Rates:

First 800 cu. ft., or less	4.25
Over 800 cu. ft.	.25

Minimum Charges:

For 5/8 by 3/4 inch meter	4.25
For 3/4 inch meter	6.00
For 1 inch meter	8.50
For 1½ inch meter	15.50
For 2 inch meter	30.00
For 3 inch meter	60.00
For 4 inch meter	110.00

The monthly minimum charge will entitle the customer to the quantity of water which minimum charge will purchase at the quantity rate.

PARKS AND RECREATION

For all water supplied per 100 cu. ft. (when on separate meter)	\$ 0.12
(when master metered)	.15

The minimum charge shall be the actual water used during the billing period.

INDUSTRIAL

Quantity Rate:

For all water supplied, per 100 cu. ft.	\$ 0.19
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Minimum Charge:

For the first 200 gallons per minute of contracted maximum rate of flow	600.00
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For each additional 10 gallons per minute of contracted maximum rate of flow	30.00
--	-------

The minimum charge shall be accumulative annually.

FIRE PROTECTION SERVICE

<u>HYDRANT TYPE</u>	<u>RATES PER HYDRANT PER MONTH</u>	
	<u>CITY HYDRANT</u>	<u>PRIVATE HYDRANT</u>
Wharf	\$ 2.00	\$ 1.50
Standard (single outlet)	2.00	1.75
Standard (double outlet)	2.00	2.25
Standard (triple outlet)	2.00	3.25

Fire protection sprinkler system connections will be billed as standard triple outlet hydrants.

OUTSIDE RATES: (METER SERVICE CHARGE)

Every customer being supplied water from the Water System to premises outside the City limits shall pay in addition to the charges listed above a \$3.50 per month meter service charge.

SERVICE CONNECTION CHARGES

New service installations: The Water Division shall collect the following connection charges for the installation of new water service connections: \$500.00 for each single-family home and \$300.00 for each apartment unit, mobile home pad or camper unit. Commercial and industrial charges shall be considered on a case by case basis. Additionally, the following fee schedule is established:

A. SERVICE CONNECTION

	<u>Complete Service Connection</u>	<u>Meter Set Only</u>
3/4" service pipe and 5/8" meter	\$150.00	\$ 50.00
3/4" service pipe and 3/4" meter	175.00	75.00
1" service pipe and 1" meter	225.00	100.00

B. "Meter Set" shall mean installing a meter within an existing meter box and attaching said meter to an existing service line within said meter box. "Service Connection" shall mean installing the service line from main line to meter box including setting the meter box and completing the meter set.

C. All new service connections requiring service pipes larger than one inch of internal diameter or greater than fifty (50) feet in length or otherwise different from the service pipe and meter combinations mentioned above shall be charged on an actual cost basis.

Total water service connections at June 30, 1977, totaled 8,908. This represented a 11.8 percent increase over the previous fiscal year. The following tabulation indicates the number of connections, residential and business water sales and an average of revenues derived per connection for the past five years:

<u>FISCAL YEAR</u>	<u>NUMBER OF CONNECTIONS AT JUNE 30th</u>	<u>METERED WATER BILLINGS</u>	<u>ANNUAL AVERAGE PER CONNECTION</u>
1972-73	6,090	\$481,785.42	\$162.68
1973-74	6,594	511,449.77	162.67
1974-75	7,218	578,909.63	166.22
1975-76	7,971	715,714.83	216.32
1976-77	8,908	815,299.49	190.26

The above metered billings exclude contractual sales, fire protection income, connection charges and other income. Per connection income is based on an annual tabulation.

OPERATING EXPENDITURES

Operating expenses totaled \$794,321.31 in 1976-77, an increase of 25.1 percent over 1975-76. Operating expenditures are summarized as follows:

<u>EXPENDITURES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE OR (DECREASE) OVER 1975-76</u>
Pumping & Source of Supply	\$290,631.46	36.6	\$ 76,872.69
Transmission & Distribution	224,779.49	28.3	56,109.67
Water System Administration	165,419.50	20.8	16,547.17
Depreciation	113,490.86	14.3	10,060.13
Total	<u>\$794,321.31</u>	<u>100.0</u>	<u>\$159,589.66</u>

A total of 2,151 billion gallons of water was pumped in 1976-77 which was an increase of 5.7 percent over the previous year. Five-year comparisons on the cost of treating one hundred cubic feet of water is as follows:

<u>FISCAL YEAR</u>	<u>OPERATING EXPENSES</u>	<u>WATER TREATED (IN 100 CU. FT.)</u>	<u>COST PER 100 CUBIC FEET</u>
1972-73	\$413,897.95	2,060,218	\$0.2009
1973-74	491,314.36	2,142,128	0.2294
1974-75	551,060.18	2,348,974	0.2346
1975-76	634,731.65	2,721,443	0.2332
1976-77	794,321.31	2,875,108	0.2763

FIXED ASSET ADDITIONS

Additions to fixed assets during fiscal 1976-77 totaled \$400,222.82. Major projects completed this year included the Elmira Road Water Line.

DEBT ADMINISTRATION

Outstanding water revenue bonds on June 30, 1977 totaled \$1,670,000.00 and will eventually be redeemed through water revenues. Series A and B Bonds will be completely paid off in 1995. During the year the City retired \$50,000.00 in Series A Bonds and \$10,000.00 in Series B Bonds.

RETAINED EARNINGS

Retained earnings at June 30, 1977 totaled \$3,015,953.90 which was \$803,611.86 higher than last year. This increase was the result of net profit from operations.

CASH BALANCES

Cash balances as of June 30, 1977 totaled \$1,089,316.87 and is comprised of the following deposits in the Vaca Valley Bank:

Commercial Account	\$ (167,683.13)
Time Certificates of Deposits	
4-1/2% Accounts	\$280,000.00
4-3/4% Accounts	170,000.00
4-7/8% Accounts	90,000.00
5% Accounts	487,000.00
5-3/8% Accounts	210,000.00
6% Accounts	20,000.00
	<u>1,257,000.00</u>
Total Cash in Bank	\$ <u>1,089,316.87</u>

This balance of \$1,089,316.87 was \$522,891.00 higher than the preceding year. This increase was accounted for as follows:

SOURCE AND APPLICATION OF CASH FUNDS

Cash funds were provided by:

Net operating income before depreciation	\$ 931,831.82
Non-operating income (interest & other)	56,947.35
Increase in current liabilities	33,071.34
Decrease in customer accounts receivable	43,496.82
	<u>\$1,065,347.33</u>

Cash funds were applied to:

Non-operating expense (bond interest)	\$ 69,234.54
Additions to utility plant assets	400,222.82
Retirement of revenue bonds	60,000.00
Increase in cash with fiscal agent	12,998.97
Total application of cash funds	\$ <u>542,456.33</u>
Total increase in cash balances	\$ <u>522,891.00</u>

CUSTOMER SERVICE

Water bills are issued every two months along with the sewer bills. Payments are made either by mail, at City Hall, 650 Merchant Street, at the Vaca Valley Bank, 306 Parker Street or at Security Pacific National Bank, 795 Alamo Drive.

Water and sewer billings are currently computed by the City's E3500 Burroughs Accounting Machine. Effective July 1, 1977, billings will be processed on the City's recently acquired Microdata Reality computer system.

INDEPENDENT AUDIT

Resolution No. 1959-A requires an annual audit to be made of the books of accounts, financial records and transactions of the Water System by a Certified Public Accountant selected by the City Council. This requirement has been complied with and the auditor's opinion is included in this report.

Respectfully submitted,



ROBERT E. EATON
Director of Finance

REE:lr

Permit me to call your attention to the following 14 items included in the audit report:

1. The Water System of the City of Louisville to conduct the following:
 - a. To determine exactly the amount of water required for 1962.
 - b. Mr. Eaton will be required to produce 75 million gallons of water.
 - c. Water requirements must be determined in accordance with the requirements of the Board.
2. The possibility of a new water and sewer plant being required.
3. The feasibility of the existing water and sewer plant being expanded to meet the residential, commercial and industrial needs of the City.
4. Future storage requirements have been found to be approximately 500 million gallons. The present storage capacity of the system is 100 million gallons. The addition of the above storage capacity will be respectfully submitted.

Very truly yours,
Robert E. Eaton,
Director of Public Works
Louisville, Kentucky

CITY OF VACAVILLE

COUNCIL MEMBERS
BARBARA J. JONES, Mayor
ETHEAL C. GILLEY, Vice Mayor
WILLIAM J. CARROLL
BERTON N. HASING
CAROLYN VAN LOO

650 MERCHANT STREET
VACAVILLE, CALIFORNIA 95688



OFFICE OF

August 29, 1977

Director of Public Works

TO: Honorable Mayor and
Members of the City Council

ATTENTION: City Manager

SUBJECT: General Condition of the City of Vacaville Water System

Pursuant to the requirements of Resolution No. 1959-A, the following is submitted:

The water system of the City of Vacaville is comprised of:

1. Asbestos cement water mains of sizes varying from 4" to 33";
2. Six water wells capable of producing 7.5 million gallons per day;
3. Water treatment plant which filters water (maximum of 5 million gallons per day) from the Putah Canal;
4. Two 2-million gallon reservoirs and one 375,000-gallon reservoir.

The Vacaville water system is working efficiently and provides adequate water for all residential, commercial and industrial use within the City of Vacaville. Greater storage requirements have been identified and are being scheduled. All water used is metered. The present fire rating within the City is Class 5.

In my opinion, the condition of the water system at June 30, 1977, is good.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph A. Munoz, Jr." followed by a stylized surname.

JOSEPH A. MUÑOZ, JR.
Director of Public Works

JAM:cb

CHRISTENSEN & RODER
CITY OF VACAVILLE
DIRECTORY OF CITY OFFICIALS AND CONSULTANTS
JUNE 30, 1977

Barbara J. Jones
Mayor

Etheal C. Gilley
Vice-Mayor

Berton N. Hassing
Councilmember

William J. Carroll
Councilmember

Carolyn Van Loo
Councilmember

Walter V. Graham
City Manager

Joseph A. Munoz
Director of Public Works

Howard J. Wood
Fire Chief

Gary H. Tatum
Chief of Police

John A. McBride
Park & Recreation Director

Robert E. Eaton
Director of Finance

Albert J. Damiano
Chief Building Inspector

Donald R. Foster
Planning Director

John L. Wyro
Assistant City Manager

Linzie E. Kramer
City Attorney

Donald Law
City Treasurer

Corinne Grannen
City Clerk

Fiscal Agents
Wells Fargo Bank
San Francisco

Financial Consultants
Stone & Youngberg
San Francisco

CHRISTENSEN & BOLER

CERTIFIED PUBLIC ACCOUNTANTS

540 W. MONTE VISTA AVE.

VACAVILLE, CALIF. 95688

PHONE (707) 446-2500

ROBERT S. CHRISTENSEN, C.P.A.
MARCC BOLER, C.P.A.

October 3, 1977

ACCOUNTANT'S REPORT

Honorable Mayor and City Council
City of Vacaville
Vacaville, California 95688

We have examined the balance sheet of the Water Funds of the City of Vacaville at June 30, 1977, and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Water Funds of the City of Vacaville at June 30, 1977, and the results of its operation for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included an examination of the supplementary information presented on pages 15 to 24 inclusive. In our opinion, this supplementary information, when considered in relation to the basic financial statements, presents fairly in all material respects the information shown therein. The supplementary data presented on pages 1 through 8 and page 25 was not audited by us and accordingly we do not express an opinion on it.

Christensen + Boler

Christensen & Boler
Certified Public Accountants

CITY OF VACAVILLE
WATER FUNDS
BALANCE SHEET
JUNE 30, 1977

ASSETS

Current Assets:

Cash in Bank:
 1959 Water Revenue Fund \$ 212,609.75
 Water Maintenance and Operations Fund 64,535.37
 Water Revenue Bond Surplus Revenue Fund 792,171.75
 1959 Water System Replacement and Repair 20,000.00

Total Cash in Bank \$1,089,316.87

Customer Accounts Receivable 106,345.49
 Unbilled Customer Accounts Receivable 95,400.00
 Other Accounts Receivable 11,079.89

Total Cash in Bank and Receivables \$1,302,142.25

Funds on deposit with Fiscal Agent:
 1959 Water Revenue Bond Interest Fund:
 Cash \$ 502.75
 Marketable Securities-at cost 32,829.17 33,331.92
 1959 Water Revenue Bond Retirement Fund:
 Marketable Securities-at cost 60,000.00
 1959 Water Revenue Bond Reserve Fund:
 Marketable Securities-at cost 146,137.22
 Total Funds on deposit with Fiscal Agent \$ 239,469.14
 Total Current Assets \$1,541,611.39

Water Utility Plant in Service, at Cost: (Note 3)
 Land 11,480.00
 Production and Distribution Plant,
 Less Accumulated Depreciation of
 \$1,342,339.97 3,497,471.59 3,508,951.59

Deferred Charges:

Unamortized bond expense, less amortization
 of \$43,373.62 (Note 3) 12,713.49
 Total Assets \$5,063,276.47

LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS

Current Liabilities:

Accounts and contracts payable	\$ 104,647.11
Accrued payroll payable	2,712.03
Customers deposits	13,975.00
Due to other funds	55,983.10
Revenue bonds payable - current portion	60,000.00
Matured and accrued interest payable	23,507.23

Total Current Liabilities 260,829.47

Long-Term Debt (Note 1 and 2):

Revenue bonds payable	\$1,670,000.00
Less: Current portion of Bonds Payable	60,000.00

Total Long-Term Debt \$1,610,000.00

Contribution By Other Agencies (Note 6)

176,493.10

Retained Earnings (Note 4)

3,015,953.90

Total Liabilities, Contributions, and Retained Earnings	\$5,063,276.47
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See accompanying accountant's report.

**CITY OF VACAVILLE
WATER FUNDS
STATEMENT OF RETAINED EARNINGS
For the Year Ended June 30, 1977**

Balance, July, 1976 \$2,212,342.04

Add:

Net Income for Year 803,611.86

Balance, June 30, 1977 \$3,015,953.90

Total Retained Earnings

Operating Expenses

Operating, in Estimate of Capital
Construction and Maintenance of
Water System At 10% of Cost
Depreciation, deprec.

Total Operating Expenses

Depreciation

See accompanying accountants' report.

Interest

Interest on Bonds and Notes Payable

Total Interest

Other Expenses

Bad Debts and
Amortization of Goodwill

Total Other Expenses

Net Income From Operations

Capital Expenditures

See accompanying accountants' report.

**CITY OF VACAVILLE
WATER FUNDS
STATEMENT OF INCOME
For the Year Ended June 30, 1977**

Operating Income:

Residential and Business	\$ 812,042.89
Contractual	64,628.77
Fire Protection	13,157.50
Outside City Services	3,256.60
Water Connection & Installation Charges	704,835.73
Grants - C.E.T.A. & W.I.N. Program	14,270.38
Other Operating Income	<u>470.40</u>
 Total Operating Income	 <u>1,612,662.27</u>

Operating Expenses:

Pumping & Source of Supply	290,631.46
Transmission and Distribution	224,779.49
Water System Administration	165,419.50
Depreciation (Note 3)	<u>113,490.86</u>
 Total Operating Expenses	 <u>794,321.31</u>
 Operating Income	 <u>818,340.96</u>

Other Income:

Interest	56,002.56
Other Non-Operating (Note 5)	<u>944.79</u>
 Total Other Income	 <u>56,947.35</u>

Other Expense:

Bond Interest	69,234.54
Amortization of Bond Expense	<u>2,441.91</u>
 Total Other Expense	 <u>71,676.45</u>
 Net Income From Operations	 <u>\$ 803,611.86</u>

See accompanying accountants' report.

CITY OF VACAVILLE
WATER FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1977

1. Revenue Bonds, Series A, dated March 1, 1959, were issued in the principal amount of \$1,950,000.00 for the acquisition of a municipal water system for the City. The bonds bear interest at rates varying from 3.50% to 5.50% and mature serially as follows:

<u>Principal Amount</u>	<u>Maturity Date</u> (March 1)
\$ 55,000.00 (annually)	1978-1979
60,000.00 (annually)	1980-1981
65,000.00 (annually)	1982-1983
70,000.00	1984
75,000.00 (annually)	1985-1986
80,000.00	1987
85,000.00 (annually)	1988-1989
90,000.00 (annually)	1990-1991
95,000.00	1992
100,000.00 (annually)	1993-1994

The remaining Revenue Bonds outstanding at June 30, 1977 total \$1,305,000.00.

2. Revenue Bonds, Series B, dated March 1, 1962, were issued in the principal amount of \$500,000.00 for the construction of a water treatment plant to provide treated water from the Putah Canal of the Bureau of Reclamation. The bonds bear interest at rates varying from 3.50% to 5.0% and mature serially as follows:

<u>Principal Amount</u>	<u>Maturity Date</u> (March 1)
\$ 10,000.00	1978-1982
15,000.00 (annually)	1983-1988
20,000.00 (annually)	1989-1993
25,000.00	1994
100,000.00	1995

The remaining Revenue Bonds outstanding at June 30, 1977 total \$365,000.00.

3. Additions to the water utility system for the year ended June 30, 1977 are as follows:

Total Cost at July 1, 1976	\$4,451,068.74
Additions:	
Equipment	\$ 72,669.06
Benefit Districts & Oversized Lines	43,691.15
Engineering - Reservoirs	66,971.73
Well Testing	3,389.00
Elmira Road Water Line	170,867.77
Water Plant Expansion	<u>42,634.11</u>
	400,222.82
Total Cost at June 30, 1977	\$4,851,291.56

Depreciation is computed on a straight-line method based on a 40-year life as follows:

Assets at July 1, 1976	\$4,451,068.74
Less: Land costs	<u>11,480.00</u>
	\$4,439,588.74
\$4,439,588.74 based on a 40-year life	\$ 110,989.72
1976-77 additions, \$400,222.82 based on 25 percent on a 40-year life	<u>2,501.14</u>
Total Depreciation	\$ <u>113,490.86</u>

Amortization of bond expense is being written off over the life of the bonds at a rate of \$2,441.91 per year.

4. The retained earnings balance of \$3,015,453.90 is subject to certain contingent liabilities which are treated by the City of Vacaville as reserves for encumbrances and budgeted projects at June 30, 1977 for budget purposes only. They are as follows:

Continuing appropriations for projects budgeted in 1976-77:

Elmira Road Water Line	\$ 8,254.13
Water Plant Expansion	<u>24,770.40</u>
	\$ <u>33,024.53</u>

5. Contributions by other agencies consist of amounts paid by the State of California to the City for a share of expenditures incurred in the construction of a 12" water line and for the construction of water treatment facilities for the California Medical Facility.

**CITY OF VACAVILLE
WATER FUNDS
SUPPLEMENTARY INFORMATION
COMMENTS
June 30, 1977**

The Vacaville water system was acquired by the City in 1958 from Pacific Gas and Electric Company, Vacaville District. The system was acquired at a cost in excess of \$1,749,000.00. Since acquisition, an additional sum of approximately \$3,102,000.00 has been expended for a water treatment plant, additional meter installations and main extensions.

The purchase of the water system was financed by the issuance of City of Vacaville 1959 Water Revenue Bonds. Resolution No. 1959-A, which provided for the issuance of these bonds, also provided for the appointing of a fiscal agent and authorized the establishment of several funds to be used by the water utility. A brief description of these funds and their purpose as now in effect by the water utility follows:

1959 WATER REVENUE FUND:

Gross revenues of the water division are deposited by the City of Vacaville with the fiscal agent and are then deposited by the fiscal agent in the Water Revenue Fund. These monies are held in trust by the fiscal agent to be used for the purposes as provided by the resolution.

1959 WATER REVENUE BOND INTEREST FUND:

The fiscal agent transfers from the 1959 Water Revenue Fund to this fund, in approximately equal monthly installments, an amount equal to one-fifth of the aggregate half-yearly amount of the interest becoming due on all outstanding bonds during the next six month period, until the requisite half-yearly amount of interest on all of the outstanding bonds is on deposit. This fund is to be used solely for the payment of bond interest as it becomes due.

1959 WATER REVENUE BOND RETIREMENT FUND:

An amount is transferred to this fund from the 1959 Water Revenue Fund in approximately equal monthly installments in amounts equal to one-tenth of the yearly amount of principal due and payable during the next 12 months. The money placed in this fund shall be used solely for the payment of bond principal as it becomes due.

See accompanying accountant's report.

1959 WATER REVENUE BOND RESERVE FUND:

Monies are transferred to this fund by the fiscal agent from the revenue fund to maintain the fund in the full amount of \$146,137.22 while any Series A and B Bonds shall be outstanding and unpaid. The fund is to be used for the purpose of paying the principal and interest on the bonds in the event that other funds are not available.

WATER MAINTENANCE AND OPERATION FUND:

This fund provides for the annual expenditure for maintenance and operation of the water utility as established by the annual budget of the City. Monies are transferred by the fiscal agent from the Revenue Fund in approximately equal one-tenth installments.

WATER REVENUE BOND SURPLUS REVENUE FUND:

All monies remaining in the Revenue Fund after amounts have been provided as established in the preceding funds shall be transferred to this fund. They shall be used and withdrawn by the City of Vacaville for various purposes as outlined in the resolution, which are:

1. To pay maintenance and operation costs of the enterprise for which no adequate budgeted amount was provided by the City;
2. To pay the costs of extensions or improvements to the enterprise;
3. To be redeposited with the fiscal agent for the purpose of calling and redeeming outstanding bonds;
4. For any lawful City purpose.

REPLACEMENT AND REPAIRS RESERVE FUND:

An amount of \$20,000.00 was established as a revolving fund balance in this fund to be withdrawn only for necessary repairs or replacements when no other City funds are available therefor. The balance in the fund may be invested in negotiable United States obligations; however, interest received thereon is to be placed into this fund.

The following schedule indicates the various funds discussed above:

<u>Fund Name</u>	<u>Priority of Transfers from Revenue Fund</u>	<u>Funds Held By</u>
Water Revenue Fund	-	Fiscal Agent
Water Revenue Bond Interest Fund	1	Fiscal Agent
Water Revenue Bond Retirement Fund	2	Fiscal Agent
Water Revenue Bond Reserve Fund	3	Fiscal Agent
Water Maintenance and Operation Fund	4	City
Water Revenue Surplus Fund	5	City
Replacement and Repair Reserve Fund	-	City
Water System Acquisition and Construction Fund	-	City

See accompanying accountant's report.

The City of Vacaville has entered into a member agency contract with the Solano County Flood Control and Water Conservation District for an ultimate maximum water supply of 5,600 acre feet per year. The first delivery was made in 1963. Under the contract the minimum will increase yearly as follows:

	Acre Feet	
	Minimum	Maximum
First five years	0	5,600
Next ten years	960	5,600
Next ten years	2,600	5,600
Next ten years	4,280	5,600
Next five years	5,600	-

SUPPLEMENTARY FINANCIAL STATEMENTS

The accompanying combining balance sheet and combining statement of fund balances indicate the composition of each of the water funds at June 30, 1977 and the interfund transfers for the year then ended as required under the bonding resolutions, together with necessary adjustments to arrive at the combined financial statements.

See accompanying accountant's report.

CITY OF VACAVILLE
WATER FUNDS
COMBINING BALANCE SHEET
June 30, 1977

	1959 Water Revenue Bond	1959 Water Revenue Bond Interest Fund	1959 Water Revenue Bond Retirement Fund	1959 Water Revenue Bond Reserve Fund	Water Maintenance & Operation Fund	Water Revenue Bond Surplus Revenue Fund	Replacement and Repair Revenue Fund	Fixed Asset Group of Accounts	Bonded Debt Group of Accounts	Total	Adjustments (Note)	Combined
ASSETS												
Cash In Bank	\$212,609.75	\$	\$	\$	\$64,535.37	\$792,171.75	\$20,000.00	\$	\$	\$1,089,316.87	\$	\$1,089,316.87
Amounts held by fiscal agent:												
Cash	502.75									502.75		502.75
Marketable Securities - at cost	32,829.17		60,000.00	146,137.22						238,966.39		238,966.39
Accounts Receivable:												
Water accounts billed	106,345.49									106,345.49		106,345.49
Water account unbilled	95,400.00									95,400.00		95,400.00
Other	11,079.59									11,079.59		11,079.59
Water Utility Plant in Service												
Unamortized Bond Expense												
Amount to be provided from future revenues for bond redemption												
Amount to be provided from future revenues for bond interest												
Total Assets	\$425,435.13	\$33,331.92	\$60,000.00	\$146,137.22	\$64,535.37	\$792,171.75	\$20,000.00	\$3,521,665.08	\$2,411,198.75	\$7,474,475.22	(\$2,411,198.75)	\$5,052,276.47
LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS:												
Accounts and Contracts Payable	\$	\$	\$	\$	\$37,879.44	\$66,767.67	\$	\$	\$	\$ 104,647.11	\$	\$ 104,647.11
Accrued Payroll Payable					2,680.93	31.10				2,712.03		2,712.03
Accrued and matured interest payable					23,507.23					23,507.23		23,507.23
Customer deposits payable						13,975.00				13,975.00		13,975.00
Due to other funds					55,983.10					55,983.10		55,983.10
Bonds payable in future years												
Interest payable in future years												
Reserve for encumbrances and budgeted projects												
Contributions from other agencies												
Fund Balances and Retained Earnings												
Total Liabilities, Contributions and Retained Earnings	\$425,435.13	\$33,331.92	\$60,000.00	\$146,137.22	10,000.00	692,348.45	20,000.00	3,345,171.98	\$2,411,198.75	\$7,474,475.22	(\$2,411,198.75)	\$5,052,276.47

NOTE: Adjustments are to convert fund basis of accounting to typical enterprise basis of accounting which omits amounts to be provided for future years bond redemption and interest payable and eliminate encumbrances and budgeted projects from the balance sheet. In addition, contributions from other agencies have been segregated from the fund balance.

See accompanying accountants report.

FUND BALANCES AND RETAINED EARNINGS,
JULY 1, 1976

ADD:

Revenues
Fiscal Agent Transfers
Transfers from other funds
Encumbrances and budgeted projects
July 1, 1976
Additions to fixed assets

Total

1959 Water Revenue Fund	1959 Water Revenue Bond Interest Fund	1959 Water Revenue Bond Retirement Fund	1959 Water Revenue Bond Maintenance Reserve Fund	Water Operation Fund	Water Surplus Fund	Replacement & Repair Revenue Fund	Fixed Asset Group of Revenue Fund	Total	Adjustments (Note)	Combined
\$ 296,068.49	\$(358.96)	\$ 56,166.72	\$ 146,137.22	\$ 10,000.00	\$ 286,042.13	\$20,000.00	\$3,060,881.93	\$3,874,937.53	\$(1,662,595.49)	\$2,212,342.04
1,668,609.62		1,000.00						1,669,609.62		1,669,609.62
79,418.19	62,833.28		687,494.00	765,485.61				1,595,231.08		1,595,231.08
			66,005.51					66,005.51		66,005.51
				67,404.51				67,404.51	\$(67,404.51) (3)	
							400,222.82	400,222.82	(400,222.82) (1)	
\$1,964,678.11	\$ 79,059.23	\$120,000.00	\$146,137.22	\$763,499.51	\$1,118,932.25	\$20,000.00	\$3,461,104.75	\$7,673,411.07	\$(2,130,222.82)	\$5,543,188.25

DEDUCT:

Expenditures:
Capital Assets
Current operating, debt retirement
and reserve
Fiscal Agent Transfers
Transfers to Other Funds
Encumbrances and budgeted projects,
June 30, 1977
Fund Adjustment

Total

\$	\$	\$	\$	\$ 72,669.06	\$ 327,553.76	\$	\$ 400,222.82	\$ (400,222.82) (1)		
	69,234.54	60,000.00		680,830.45			115,932.77	925,997.76		
1,595,231.08							1,595,231.08	(60,000.00)	\$ 865,997.76	
					66,005.51			66,005.51	1,595,231.08	
					33,024.53			33,024.53	66,005.51	
\$1,595,231.08	\$ 69,234.54	\$ 60,000.00		\$743,499.51	\$ 426,583.80		\$ 115,932.77	\$3,020,481.70	\$(493,247.35)	\$2,527,234.35

FUND BALANCE AND RETAINED EARNINGS,
JUNE 30, 1977

\$ 369,447.03	\$ 9,824.69	\$ 60,000.00	\$146,137.22	\$ 10,000.00	\$ 692,348.45	\$20,000.00	\$3,345,171.93	\$4,652,929.37	\$(1,636,975.47)	\$3,015,953.90
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(1) Adjustment for utility plant charged to expenditures under fund concept of accounting.

(2) Adjustment for partial payment of bonds payable for current year charged to expenditure under fund concept of accounting.

(3) Adjustment for encumbrances and budgeted projects charged to fund balance under fund concept of accounting.

See accompanying accountant's report.

CITY OF VACAVILLE
WATER FUNDS
COMPARISON OF ACTUAL AND ESTIMATED REVENUES
For the Year Ended June 30, 1977

<u>Description</u>	<u>Estimated</u>	<u>Actual</u>	<u>Actual Over (Under) Estimate</u>
Residential and Business	\$ 815,000.00	\$ 812,042.89	\$ (2,957.11)
Contractual	68,000.00	64,628.77	(3,371.23)
Fire Protection Service	15,000.00	13,157.50	(1,842.50)
Outside City Services	2,700.00	3,256.60	556.60
Service Charges	500.00	470.40	(29.60)
Meter Installation Charges	40,000.00	81,110.73	41,110.73
Water Connection Charges	210,000.00	623,725.00	413,725.00
Investment Earnings	25,000.00	56,002.56	31,002.56
Grants-C.E.T.A. & W.I.N. Program	-	14,270.38	14,270.38
Other Income	2,500.00	944.79	(1,555.21)
Total	\$1,178,700.00	\$1,669,609.62	\$490,909.62

Percent of Estimate 141.6%

CITY OF VACAVILLE
WATER FUNDS
STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH BUDGETED APPROPRIATIONS
For the Year Ended June 30, 1977

		Appropriations			Encumbrances		Percent of Authorization		
		1976-77 Budget	Prior Years Encumbrances	Adjusted Total	Expenditures	and Budgeted Projects	Total	Balance Unencumbered	Expended or Encumbered
Pumping & Source of Supply:									
Maintenance and Operation Equipment		\$ 294,082.00	\$ 6,350.00	\$ 294,082.00	\$ 290,631.46	\$ 7,098.00	\$ 290,631.46	\$ 3,450.54	111.8
Total		300,432.00		300,432.00	297,729.46		297,729.46	2,702.54	99.1
Transmission and Distribution:									
Maintenance and Operation Equipment		235,967.00	57,200.00	235,967.00	224,779.49		224,779.49	11,187.51	95.3
Total		293,167.00		293,167.00	290,350.55		290,350.55	2,816.45	99.0
Water System Administration:									
Maintenance and Operation		175,251.00		175,251.00	165,419.50		165,419.50	9,831.50	94.4
Debt Service - Water System:									
Bond Retirement		60,000.00		60,000.00	60,000.00		60,000.00	-0-	100.0
Bond Interest		73,085.00		73,085.00	69,234.54		69,234.54	3,850.46	94.7
Total		133,085.00		133,085.00	129,234.54		129,234.54	3,850.46	97.1
Capital Improvements		98,389.00	67,404.51	165,793.51	327,553.76	33,024.53	360,578.29	(194,784.78)	217.5
Total Water Division		\$1,000,324.00	\$67,404.51	\$1,067,728.51	\$1,210,287.81	\$33,024.53	\$1,243,312.34	\$175,583.83)	116.4

See accompanying accountant's report.

CITY OF VACAVILLE
WATER FUNDS
SCHEDULE OF MINIMUM ANNUAL NET REVENUE REQUIREMENTS
For the Year Ended June 30, 1977

Coverage:

Gross Revenues:

Operating revenues less connection charges	\$907,826.54
Interest and other income	<u>56,947.35</u>
	<u>964,773.89</u>

Less:

Operating expenses, excluding depreciation in the amount of \$113,490.86	680,830.45
	<u>\$283,943.44</u>

Annual Debt Service Requirements:

Bonds redeemed	\$ 60,000.00
Matured interest coupons	<u>73,085.00</u>
	<u>133,085.00</u>
	<u>X 1.3</u>

Coverage Requirements

Total Coverage Requirements	173,011.00
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Amount of Coverage

Coverage in Excess of Requirements	<u>283,943.44</u>
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Actual Coverage Ratio

	<u>2.13</u>
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See accompanying accountant's report.

SCHEDULE OF INSURANCE IN FORCE
(TOTAL CITY)
June 30, 1977

<u>Type of Coverage/ Name of Company</u>	<u>Details of Coverage</u>	<u>Co-Insurance</u>	<u>Liability Limits</u>	<u>Annual Premiums</u>
Multi-Peril Policy - Travelers Insurance Co. Policy #650-155E899-6-COF Policy Period: 7/1/76-77	Comprehensive Automobile Liability	None	\$500,000/1,000,000 Bodily Injury \$100,000 Property Damage	\$22,072.00
	General Liability	None	\$500,000 - CSL Bodily Injury and Property Damage	\$80,098.00
	Fire, extended coverage, and vandalism-blanket on buildings and equipment	90%	\$5,321,685.00	\$ 7,622.00
	Mobile equipment floater	None	Actual Cash Value	\$ 1,552.00
	Comprehensive Crime Loss inside premises Loss outside premises	None	\$8,000.00 \$4,000.00	\$ 537.00
	Employees' faithful performance blanket bond	None	\$10,000.00	\$ 578.00
	Boiler and machinery	None		\$ 2,067.00
Personal Injury Policy Foremost Insurance Company Policy #GLA-672-7201872 Policy Period: 7/1/76-9/22/76 and Reserve Insurance Company Policy #XGA010765 Policy Period: 9/22/76-7/1/77	Personal Injury Liability	None	\$300,000.00	\$13,236.00
Umbrella Policy National Union Fire Insurance Co. Policy #BE1138494 Policy Period: 7/1/76-9/23/76 and Stonewall Insurance Company Policy #34000269 Policy Period: 9/23/76-7/1/77	Excess Automobile and General Liability	None	\$5,000,000.00	\$58,530.96

CITY OF VACAVILLE
SURETY BONDS ON PRINCIPAL OFFICIALS
June 30, 1977

<u>Name and Title of Official</u>	<u>Amount of Bond</u>
Walter V. Graham City Manager	\$ 25,000.00
Robert E. Eaton Director of Finance	25,000.00
Donald Law City Treasurer (Elected)	10,000.00
Corinne L. Grannen City Clerk (Elected)	5,000.00
All Other Employees Blanket Bond	10,000.00

See accompanying accountant's report.

CITY OF VACAVILLE
FIVE-YEAR HISTORICAL DATA
June 30, 1977

	Fiscal Year Ended				
	June 30, 1973	June 30, 1974	June 30, 1975	June 30, 1976	June 30, 1977
<u>General City</u>					
Assessed Valuation:					
Local Secured	\$ 38,770,906	\$ 45,633,814	\$ 51,960,404	\$ 68,766,669	\$ 77,875,133
Public Utilities	2,270,800	2,495,840	2,736,230	3,140,800	4,002,890
Total Secured	\$ 41,041,706	\$ 48,129,654	\$ 54,696,634	\$ 71,907,469	\$ 81,878,023
Unsecured Personal Property	1,866,016	2,280,555	2,722,964	3,461,730	3,796,418
Total Gross Assessed Valuation	\$ 42,907,722	\$ 50,410,209	\$ 57,419,598	\$ 75,369,199	\$ 85,674,441
City Tax Rate:					
General Fund	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Retirement Fund	.20	.20	.20	.20	.20
Park and Recreation Fund	.55	.55	.55	.55	.55
Storm Drainage Fund	.08	.08	.08	.08	.08
1959 Sewer Bond Fund	.15	.15	.15	.07	.05
Total Tax Rate	\$ 1.98	\$ 1.98	\$ 1.98	\$ 1.90	\$ 1.88
Population	24,500	26,950	27,850	30,000	33,000
Building Permit Valuations	\$ 11,114,313	\$ 19,451,645	\$ 29,833,295	\$ 28,413,641	\$ 48,556,290
Incorporated Area (Square Miles)	15.98	16.11	16.67	16.68	18.69
Bonded Indebtedness					
General Obligation Bonds	\$ 745,000	\$ 715,000	\$ 685,000	\$ 650,000	\$ 615,000
Revenue Bonds	2,805,000	2,740,000	2,660,000	2,570,000	2,515,000
Assessment District Bonds	1,577,026	1,986,983	1,894,214	1,766,508	1,664,508
Total Bonds Outstanding	\$ 5,127,026	\$ 5,441,983	\$ 5,239,214	\$ 4,986,508	\$ 4,794,508
Unbonded Capacity - General Obligation Bonds	\$ 5,691,158	\$ 6,463,498	\$ 7,897,940	\$ 10,620,380	\$ 12,201,166
<u>Water Utility System</u>					
Net Income from Operations	\$ 270,633.85	\$ 222,680.93	\$ 159,307.02	\$ 623,803.60	\$ 803,111.86
Actual Net Revenue Coverage Requirements	2.7	2.6	1.8	2.26	2.13
Number of Services	6,090	6,594	7,218	7,971	8,908
Additions to Utility System	\$ 173,721.41	\$ 150,522.62	\$ 259,880.90	\$ 418,452.99	\$ 400,222.82
Water Consumption (Billions of Gallons)	1.541	1.602	1.757	2.036	2.151

